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Message Text

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64
ACTION STR-04

INFO OCT-01 ARA-06 ISO-00 TRSE-00 EB-07 COME-00 AGR-05

ITC-01 L-03 CIAE-00 INR-07 NSAE-00 STRE-00 /034 W
---------- 054154
P R 192015Z AUG 76
FM AMEMBASSY BRASILIA
TO SECSTATE WASHDC PRIORITY 7429
INFO AMCONSUL RIO DE JANEIRO
AMCONSUL SAO PAULO

LIMITED OFFICIAL USE BRASILIA 7306

E.O. 11652: N/A
TAGS: BEXP, BR
SUBJ: POSSIBLE GOB RESTRICTIONS ON EXPORTS OF FINISHED
LEATHER

REF: (A) BRASILIA 7000; (B) STATE 194303

1. EMBASSY REQUESTED CONGENS RIO AND SAO PAULO
TO CONFIRM INFORMATION PROVIDED IN REFTEL (A)
AND TO OBTAIN ADDITIONAL BACKGROUND ON REPORTS
THAT GOB MAY IMPOSE FURTHER RESTRICTIONS ON EXPORTS
OF FINISHED LEATHER. FOLLOWING ARE THE CONSULATES
FINDINGS:

2. CONGEN RIO: "CACEX PERMITS BRAZILIAN TANNERIES TO EXPORT FINISHED
LEATHER UP TO 1975 EXPORT LEVELS WITHOUT RESTRICTION. FIRMS
WISHING TO EXPORT ABOVE 1975 LEVELS MAY DO SO PROVIDED THEY
DEMONSTRATE TO CACEX THAT ADDITIONAL EXPORTS ACCOUNT FOR NO MORE
THAN 20 PERCENT (BY WEIGHT) OF ADDITIONAL SALES. NEW-TO-EXPORT-
MARKET TANNERIES ARE PERMITTED TO EXPORT UP TO 30 PERCENT OF THEIR
PRODUCTION REGARDLESS OF DOMESTIC SALES."

B. TANNERIES WITH EXCESS PRODUCTION THAT CANNOT BE PLACED ON
DOMESTIC MARKET MAY REQUEST CACEX PERMISSION TO EXPORT THESE
SURPLUSES. CACEX CONSIDERS THESE REQUEST ON A CASE BY CASE
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BASIS.

C. THESE MEASURES WERE INSTITUTED AFTER CACEX CONSULTATION
WITH TANNERIES, EXPORTERS AND DOMESTIC CONSUMERS. THE PURPOSE

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IS TO INSURE ADEQUATE SUPPLY OF RAW MATERIALS TO THE DOMESTIC
FOOTWEAR INDUSTRY WHICH WAS COMPLAINING OF OCCASIONAL SHORTAGES
DUE TO EXCESSIVE FOREIGN DEMAND FOR FINISHED LEATHER.

D. CACEX SOURCE INDICATED TO CONGEN THAT THESE RESTRICTIONS
MAY BE LIFTED IF DOMESTIC SUPPLY PROVES ADEQUATE FOR DOMESTIC
INDUSTRY. SHORTAGE IS SEASONAL PHENOMENON: SUPPLIES SHOULD RISE
AS CATTLE SLAUGHTER INCREASES BEGINNING IN OCTOBER. FOR THIS
REASON CONGEN BELIEVES IT IS IMPROBABLE THAT FURTHER EXPORT
RESTRICTIONS WILL BE IMPOSED."

3. CONGEN SAO PAULO:
"WE ARE INFORMED BY FUAD BECHARA MALUF, PRESIDENT OF SINDICATO
DA INDUSTRIA DO CURTIMENTO DE COUROS E PELES NO ESTADO DE SAO
PAULO (ASSOCIATION OF FINISHED LEATHER INDUSTRY)
THAT THERE HAVE BEEN DELAYS IN THE ISSUANCE OF EXPORT LICENCES BUT
NO REFUSALS UP-TO-DATE. HE SAID THAT PRIOR APPROVAL ON A CASE-BY-
CASE BASIS FOR ALL EXPORT SHIPMENTS OF FINISHED LEATHER WAS
AN UNOFFICIAL MOVE INTENDED TO LOWER THE PRICE OF FINISHED
LEATHER IN THE INTERNAL MARKET. IT DID NOT WORK BECAUSE THE
INCREASES IN THE PRICE ARE THE RESULT OF INCREASES IN COST.
HE EXPECTS NO EXPORT RESTRICTIONS BECAUSE THERE NOW IS A
SELLERS MARKET FOR FINISHED LEATHER IN BRAZIL."
CRIMMINS

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<< END OF DOCUMENT >>

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TAGS: BEXP, APER, BR, (RUSER, CLAUS W)
To: STATE INFO RIO DE JANEIRO
SAO PAULO
Type: TE
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